Strategic Marketing Innovators

Structured Income Assets

Executive Summary
Representative Buyer Presentation
Annual Payment Schedule
Annual Return Summary

EXHIBIT
S-138

Structured Income Assets

Executive Summary

Presented by:

Strategic Marketing Innovators

The information contained in this Executive Summary has been obtained from sources believed to be credible and accurate, but is not guaranteed or warrantied by Strategic Marketing Innovators, LLC or its associates. This is a summary, which does not contain all possible risk factors. Any individual considering this Structured Income Asset should consult their own legal, tax and investment professionals prior to purchasing. Strategic Marketing Innovators, LLC does not provide tax or legal advice. The income from Structured Income Assets derives from secondary annuity markets or factored derivatives. Derivatives are financial instruments whose performance is derived, at least in part, from the performance of an underlying asset, security or index. Strategic Marketing Innovators, LLC is NOT a US Securities Dealer, Broker Dealer, Registered Representative, US Investment Advisor or Insurance Company. NOT FDIC/SIPC Insured or Legal Reserve.

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Executive Summary-Structured Income Assets

Structured Income Assets can be an option for Buyers who seek "Secured" (see Attachment 1), long term income with above average returns. The monthly income payments are available from two primary sources:

1) Individual seller's prior employment based obligations received for prior military or civil service from governmental departments, secured by way of formal contracts and a UCC-1 filing prepared and filed by qualified legal counsel.

2) Individual seller's pension income for prior employment, sourced from PBGC (Pension Benefit Guaranty Corporation) insured corporate pensions, secured by way of formal contracts and a UCC-1 filing prepared and filed by qualified legal counsel.

The Seller's income is life contingent, therefore, in addition to the detailed contractual obligations, the purchase amount is secured by a life insurance policy on the Seller. The insurance premiums are escrowed for the full duration of the term of the purchase with the Buyer designated as the "Assignee" of the collateral assignment (first lien) of the policy. If the Seller dies during the contract period, the Buyer is paid by the insurance before the beneficiaries.

Current Effective Rates of Return = 5.00%-5.50%.

RISK FACTOR	RISK MITIGATION STEP	COMMENT
"Payment Default" Income Source or Individual Seller Reliability	Only Seller's income from governmental or PBGC insured corporate pension sources are considered. Individual background history and credit report are provided. Buyers can purchase an Option from Performance Arbitrage Company, Inc. ("PAC") to sell a defaulted Structured Income Asset for the outstanding principal value. Advertised returns include the cost of the PAC Option.	Detailed formal closing agreements prepared by qualified legal counsel, coupled with the "PAC Option", serve to mitigate the described risk for the Buyer.
Interest Rate Risk	The money committed to the contract should be suitable for the time horizon.	If interest rates rise, and the Buyer desires to sell the purchased Structured Income Asset, they will lose money. **This is NOT to be considered a liquid investment**. Not insured by FDIC/SIPC.
"Closing" Risk	Strategic Marketing Innovators, LLC ("SMI") engages Upstate Law Group, LLC ("ULG") to ensure the documentation for this transaction is accurate and complete. ULG provides Seller's background history and credit report to both SMI and the Buyer for review, prior to the Buyer authorizing the completion of this transaction.	Formal legal agreements and filings create the Buyer's entitlement to the purchased Structured Income Asset and the Seller's formal obligations to pay.

Performance Arbitrage Company, Inc. (PAC)

PAC purchases financial obligations and debt from the owners of those obligations and debt. At the time of purchase of a Structured Asset, a Buyer may elect to purchase an *"Option to Purchase Defaulted Structured Asset Agreement"* with PAC that defines the terms and conditions under which PAC will purchase a defaulted or non-performing Structured Asset. This purchase will be in the form of a Corporate Promissory Note that is guaranteed by PAC and paid in equal monthly payments over the remaining term of the original *"Contract for Sale of Payments"* agreement; or in the form of a lump sum payment made by PAC, depending upon which option the Buyer chooses at the time the Option is exercised.

If a purchased Structured Asset has missed three consecutive payments, for any reason, the Buyer can sell the defaulted or non-performing Structured Asset to PAC under the *"Option to Purchase Defaulted Structured Asset Agreement."* In the event of a bankruptcy filing by a Seller that attempts to dismiss the Seller's contractual obligation under the *"Contract for Sale of Payments"* agreement, the PAC Option can be exercisable immediately.

The *"Option to Purchase Defaulted Structured Asset Agreement"*, signed at the formal documents stage of the purchase, is in full force and effective immediately upon the closing of escrow through the fulfillment of the *"Contract for Sale of Payments"* agreement. The executed *"Option to Purchase Defaulted Structured Asset Agreement"* will be provided to the Buyer, or the Buyer's representative, after the closing of escrow and PAC having received payment. The Buyer has the right to cancel the PAC Option at any time by written notification and delivery to the PAC offices.

The Buyer can select one of two available PAC Options under the *"Option to Purchase Defaulted Structured Asset Agreement"*, and if the Option is exercised, can select one of two purchase options at that time:

Option 1: For a cost of 12% of the purchase price Buyer paid for the Structured Asset Buyer can choose to exercise the option and:

1) Sell the defaulted or non-performing Structured Asset to PAC and continue to receive monthly payments, recalculated for the outstanding principal value at the onset of the default, and paid in equal monthly payments on or before the 15th day of each month after receipt of the executed Promissory Note over the remaining term of the original *"Contract for Sale of Payments"* agreement;

OR

2) Keep the Structured Asset and receive a lump sum payment of 12% of the outstanding principal value at the onset of the default, up to a maximum of seven thousand dollars ($7,000.00), and pursue the correction of the default or non-performance themselves.

Option 2: For a cost of 13.5% of the purchase price Buyer paid for the Structured Asset Buyer can choose to exercise the option and:

1) Sell the defaulted or non-performing Structured Asset to PAC and continue to receive monthly payments, recalculated for the outstanding principal value at the onset of the default, plus one year LIBOR interest rate per annum, and paid in equal monthly payments on or before the 15th day of each month after receipt of the executed Promissory Note over the remaining term of the original *"Contract for Sale of Payments"* agreement;

OR

2) Keep the Structured Asset and receive a lump sum payment of 12% of the outstanding principal value at the onset of the default, up to a maximum of seven thousand dollars ($7,000.00), and pursue the correction of the default or non-performance themselves.

Attachment 1

UCC-1 Financing Statement

Definition: Under the provisions of state **Universal Commercial Code** statutes, when **personal property** (equipment, inventory, and other tangible assets of a business) are used as collateral for borrowing, a UCC-1 statement is prepared, signed, and filed. This process is also called "perfecting the security interest" in the property, and this type of loan is a **secured loan**.

The filing creates a **lien** against the property, so the borrower may not dispose of the property without paying off the debt.

Link to this article: **http://biztaxlaw.about.com/od/glossaryu/g/ucc1statement.htm**

Uniform Commercial Code

Barron's Banking Dictionary:

Set of standardized state laws governing financial contracts. The code was drafted by the National Conference of State Law Commissioners, and was adopted in the 1950s by most states and the District of Columbia. (Louisiana, the only state which has not fully ratified the code, has adopted Article 3 of the UCC, dealing with Checks, Drafts, and Negotiable Instruments.) The code has nine separate sections, called articles. The most important of these are Article 3, dealing with negotiable instruments; Article 4, dealing with bank Deposits and Collections Article 5, dealing with Letters of Credit Article 7, dealing with Warehouse Receipts and other documents of **Title** and Article 8 and **Article 9**, dealing with Secured Loans.

The most recent addition to the UCC, Article 4A, covers corporate-to-corporate electronic payments, such as wire transfers and automated clearinghouse credit transfers, and has been adopted by most states. Article 4A does not address consumer transactions, deferring to the Electronic Funds Transfer Act and Federal Reserve **Regulation E** for regulation of consumer payments.

Adoption of the code by state legislatures made it easier for lenders to extend credit secured by **Personal Property**, such as a firm's equipment or receivables, as opposed to **Mortgage** loans secured by real estate. The code also cleared up some ambiguities and differences in state laws, and required that contracts for sale or purchase of goods worth $500 be in writing to be enforceable. See also **Financing Statement**; **Perfected Lien**; **Security Agreement**; **Security Interest**.

Read more: http://www.answers.com/topic/uniform-commercial-code#ixzz291CgKtaA

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Structured Income Assets

SMI

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This is intended to be utilized by professional representatives in the explanation of Structured Income Assets with their prospective Buyers. This is not a "stand-alone" document nor a complete explanation of Structured Income Assets.

Structured Income Assets

What is a Structured Income Asset?

- An asset designed to pay a Buyer monthly payments for a selected period of time: 5 or 7 years.
- Current Buyer Effective Return Rates of 5.00% - 5.50%.
- Defined and *Secured cash flow sourced from Seller's governmental pension for career military or civil service or Seller's corporate retirement income.

*Formal legal agreements and filings provide a "Secured" monthly payment to the Buyer. The Buyer's attorney, Upstate Law Group, LLC ("ULG") prepares and files a UCC-1 against the Seller's cash flow to create first position "secured creditor status" of the Structured Income Asset for the Buyer. (*See Attachment 1.*)

Structured Income Assets

Secured Purchase of a Cash Flow

- Seller receives monthly retirement payments from governmental or corporate pension administrator and desires to sell part of the defined monthly cash flow.
- The Seller signs a "*Contract for Sale of Payments*", transferring the income, upon receipt, to the Buyer.
- Life insurance on the Seller, with the Buyer designated as Collateral Assignee (first lien), protects the Buyer if the Seller were to die.
- Formal contracts, a security agreement and a UCC-1 filing provide a "Secured" legal entitlement to the Structured Income Asset to the Buyer.
- Payments can be electronically deposited in the Buyer's bank account each month by ULG's Trust Account. (*Please see next page for additional details.*)

Structured Income Assets

Buyer's Legal Representation

- Upstate Law Group, LLC of South Carolina is contracted by SMI to provide legal, escrow and payment services for the exclusive benefit of the Buyer and SMI.
- ULG provides a credit report and LexisNexis search report on each individual Seller and provides a transaction summary to the Buyer and SMI for review prior to closing.
- ULG ensures all documentation is complete and the purchased payments are directed to ULG's Trust Account prior to closing.
- ULG prepares and files a UCC-1 to "Perfect" the Buyer's security interest in the Seller's income. (*See Attachment 1.*)
- All Structured Income Asset monthly payments are processed in Upstate Law Group's Trust Accounts.

Default Protection

Provided by

Performance Arbitrage Company INCORPORATED

Performance Arbitrage Company, Inc. ("PAC") purchases financial obligations and debt from the owners of those obligations and debt. At the time of purchase of a Structured Asset, a Buyer may elect to purchase an "Option to Purchase Defaulted Structured Asset Agreement" with PAC that defines the terms and conditions under which PAC will purchase a defaulted or non-performing Structured Asset. This purchase will be in the form of a Corporate Promissory Note that is guaranteed by PAC and paid in equal monthly payments over the remaining term of the original "Contract for Sale of Payments" agreement; or in the form of a lump sum payment made by PAC, depending upon which option the Buyer chooses at the time the Option is exercised.

The Buyer can select one of two available PAC Options under the "Option to Purchase Defaulted Structured Asset Agreement", and if the Option is exercised, can select one of two purchase options at that time:

Option 1: Cost included in the calculated returns:

1) Sell the defaulted or non-performing Structured Asset to PAC and continue to receive monthly payments, recalculated for the outstanding principal value at the onset of the default, and paid in equal monthly payments on or before the 15th day of each month after receipt of the executed Promissory Note over the remaining term of the original "Contract for Sale of Payments" agreement;

OR

2) Keep the Structured Asset and receive a lump sum payment of 12% of the outstanding principal value at the onset of the default, up to a maximum of seven thousand dollars ($7,000.00), and pursue the correction of the default or non-performance themselves.

Option 2: For an additional cost of 1.50% of the purchase price Buyer paid for the Structured Asset, Buyer can choose to exercise one of the following:

1) Sell the defaulted or non-performing Structured Asset to PAC and continue to receive monthly payments, recalculated for the outstanding principal value at the onset of the default, plus one year LIBOR interest rate per annum, and paid in equal monthly payments on or before the 15th day of each month after receipt of the executed Promissory Note over the remaining term of the original "Contract for Sale of Payments" agreement;

OR

2) Keep the Structured Asset and receive a lump sum payment of 12% of the outstanding principal value at the onset of the default, up to a maximum of seven thousand dollars ($7,000.00), and pursue the correction of the default or non-performance themselves.

Structured Income Assets

Rates of Return Available to the Buyer

Source of Cash Flow: ***Seller's Governmental or Corporate Pension***	PURCHASE OF STRUCTURED INCOME ASSET "ON SALE"	
Purchase Price:	$100,000	$100,000
Number of Payments:	60	84
Monthly Payments (Principal + Return):	$1,882	$1,431
Effective Rate of Return:	5.00%	5.50%
Total Payments:	$112,922	$120,175
	BASED ON DISCOUNT RATES CURRENTLY AVAILABLE	

Structured Income Assets

Application of Basic Financial Planning

Three types of money make up your Financial Estate:

- Immediate $: 3-6 months of living money (*not just living expenses*)
- Intermediate $: Funds set aside in shorter term liquid investments for medical, familial and other unforeseen emergencies (*20-40% of your liquid estate on average*)
- Long Term $: According to your risk tolerances and goals, a portion of this Long Term money may be appropriate for longer term and/or illiquid investments in the debt, equity or non-correlated markets.

Structured Income Assets

How Can Structured Income Assets Apply to Long Term Money Goals?

CD Rates:	*1.90% - 5yrs, *2.00% - 7yrs, *2.00% - 10yrs
US Treasuries:	*1.49% - 5yrs, *2.17% - 7yrs, *2.68% - 10yrs
AAA Municipal Bonds:	*0.96% - 5yrs, *1.25% - 10yrs
AAA Corporate Bonds:	*1.64% - 5yrs, *3.20% - 10yrs

Stated Investment Returns as of March 2014 as published by www.bankrate.com

Structured Income Assets have calculated returns of 5.00% ERR for five year purchases and 5.50% ERR for seven year purchases.

Please ask your advisor for information regarding additional purchase terms available.

Structured Income Assets

Risks:

YES, EVERY financial decision involves risk. To help the Buyer evaluate and make an informed risk/reward decision, and before the Buyer approves closing of escrow; the Buyer receives a complete background history and credit report on each individual transaction from Upstate Law Group, LLC.

Payer Risk What if the Seller of a Structured Income Asset attempts to reclaim the purchased income?

- The Seller completes and signs binding contracts, which intend to create a formal entitlement to the Seller's purchased income for the Buyer. In addition, Upstate Law Group, LLC prepares and files a UCC-1 against the Seller's purchased income in their state of residence. This UCC-1 registers the Buyer as the first position lien holder. The intent of this filing is to establish a "Perfected Security Interest" for the Buyer. (*See Attachment 1.*)

Interest Rate Risk What if interest rates later rise, and the Buyer decides to sell?

- Then the Buyer will likely lose money on the re-sale. There is currently no defined tertiary market for Structured Income Assets.
- When the Buyer purchases a Structured Income Asset, the rate is "locked" for the duration of the contract.

Structured Income Assets

Summary

- ✓ Secured payments from Seller's governmental or corporate pension sources.
- ✓ 5.00% - 5.50% Effective Rates of Return with payments starting in approximately 60 days.
- ✓ If elected, PAC Option enables Buyer to sell a Structured Income Asset to PAC in the event of *default. (*Please see page 5 for details.*)
- ✓ May be suitable for immediate or long term money.
- ✓ Compatible with qualified retirement accounts.
- ✓ Consult your advisor or agent for personal illustrations and answers to any questions.

The amortization schedules provided to the Buyer are used solely for quantifying the Buyer's discount on the purchase for valuation purposes to federal and state (if applicable) taxation authorities. The purchase is for an asset, not a loan, which is a fixed payment , e.g., The Buyer purchases 60 consecutive monthly payments of $500. The Seller sells 60 consecutive monthly payments of $500. The Buyer's discounted purchase price for the monthly payments defines the Buyer's return.

Structured Income Assets

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About.com

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Read more: http://www.answers.com/topic/uniform-commercial-code#ixzz291CgKtaA

Structured Income Assets: Annual Payment Schedule

Total Purchase Amount: **$100,000.00**

Duration:	5 yr	6 yr	7 yr
Effective Annual Rate of Return:	5.00%	5.25%	5.50%
Monthly Payment:	$1,882.04	$1,616.43	$1,430.65

Annual Payments

1	$22,584.48	$19,397.16	$17,167.80
2	$22,584.48	$19,397.16	$17,167.80
3	$22,584.48	$19,397.16	$17,167.80
4	$22,584.48	$19,397.16	$17,167.80
5	$22,584.48	$19,397.16	$17,167.80
6		$19,397.16	$17,167.80
7			$17,167.80

Total Payments:	$112,922.40	$116,382.96	$120,174.60

* Note: The above illustration is not intended for use as financial or tax advice.

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Structured Income Assets: Annual Return Summary

	5 yr		6 yr		7 yr	
Income Stream Purchase Price:	$100,000.00					
Payout Duration:	5 yr		6 yr		7 yr	
ERR:	5.00%		5.25%		5.50%	
Monthly Payment:	$1,882.04		$1,616.43		$1,430.65	
Year	Annual Payments	Annual Return	Annual Payments	Annual Return	Annual Payments	Annual Return
1	$22,584.48	$4,486.99	$19,397.16	$4,787.56	$17,167.80	$5,071.41
2	$22,584.48	$3,582.11	$19,397.16	$4,020.54	$17,167.80	$4,406.12
3	$22,584.48	$2,632.00	$19,397.16	$3,213.30	$17,167.80	$3,704.21
4	$22,584.48	$1,634.38	$19,397.16	$2,363.63	$17,167.80	$2,963.71
5	$22,584.48	$586.92	$19,397.16	$1,469.37	$17,167.80	$2,182.49
6			$19,397.16	$528.56	$17,167.80	$1,358.29
7					$17,167.80	$488.37
Total Payments/Return	$112,922.40	$12,922.40	$116,382.96	$16,382.96	$120,174.60	$20,174.60

* Note: The above illustration is not intended for use as financial or tax advice.

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